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OCTOBER 24, 1966

IMPACT OF NEW EEC FARM DECISIONS ON U.S. EXPORTS

RICE: MAINSTAY AND HOPE OF OVER 1 BILLION PEOPLE

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# FOREIGN AGRICULTURE

## Including FOREIGN CROPS AND MARKETS

A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE

# FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

OCTOBER 24, 1966

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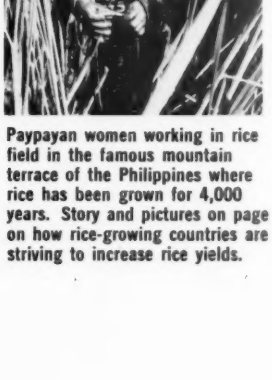

Paypayan women working in rice field in the famous mountain terrace of the Philippines where rice has been grown for 4,000 years. Story and pictures on page 6 on how rice-growing countries are striving to increase rice yields.

Contents


3 How the New EEC Farm Decisions May Affect U.S. Exports

6 Rice: Mainstay and Hope for 1.1 Billion People

8 FAO's Annual Report Sees 1965-66 World Food Output and Stocks at Disquietingly Low Levels

9 American Specialty Foods Attract Buyers at London Show

9 U.S. Holsteins Command Good Prices at Cremona Dairy Fair

10 Agricultural News From Latin America

11-15 World Crops and Markets (Commodity index on page 15)

16 Highlights of the Agriculture and Trade of El Salvador



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# How the New EEC Farm Decisions May Affect U.S. Exports

*Expected—higher variable levies, more intra-Community trade, more competition for outside markets, preferential status for associates.*

By JOHN F. HUDSON
*Trade Policy Division, FAS*

The impact that this summer's farm decisions by the Council of the European Economic Community will have upon many U.S. exports may be substantial—especially for commodities subject to variable levies. Even without higher levies, however, U.S. exports may be affected if EEC consumption requirements can be met to a greater extent by EEC production. It is less certain how far or how quickly U.S. farm products will be affected by evolving trade patterns between the EEC and its associates.

The size of the variable import levies after common prices are introduced into the EEC will depend upon world market prices at the time as well as upon EEC prices. Assuming that world prices and all other factors remain constant, however, we can estimate what adjustments in variable levies will have to be made by the major importing countries of the EEC during the first year of the new prices. Common prices will be effective for grain July 1, 1967; for rice, September 1, 1967.

### Wheat, feedgrains

In 1965 the United States exported 1,144,000 metric tons of wheat to the EEC, valued at $67.7 million, of which 452,000 tons went to the Netherlands, 271,000 to France, and 265,000 to Germany. Dutch levies should not be greatly affected by the adoption of common prices. French levies may be a little higher; German levies could be substantially less.

More important than levy adjustments is the extent to which French wheat exports to the EEC and third countries can displace U.S. grain exports. U.S. feedgrain exports could be affected if French wheat is denatured for feed use; but much of the U.S. wheat exported is hard, with different uses from France's soft wheat.

France, the EEC's main surplus producer of grains, has been expanding its production despite special taxes and limitations on government support. These hindrances are to be removed when common prices enter into effect, and further production increases can be expected.

In 1961 France exported 1,049,000 tons of wheat in total, of which 492,000 went to the EEC, practically none to the Communist Bloc, and 557,000 to third countries. By 1965, exports had risen to 4,046,000 tons: 752,000 to the EEC, 1,734,000 to the Bloc, and 1,560,000 to third countries. According to projections in the Fifth French Development Plan, exports will reach 5,580,000 tons by 1970, of which 1,200,000 might be sold to the rest of the EEC and the balance to third countries. No allowance was made for possible increased feed use.

In 1965 the United States exported 9,017,000 metric tons of feedgrains—largely corn—to the EEC, valued at $471.8 million, of which 2,667,000 tons went to Italy and 3,238,000 to the Netherlands. Dutch levies may be modified a little by the introduction of common prices, but Italian levies, which have been nominal or zero, will rise very considerably in spite of Italy's exceptional authority to reduce levies until mid-1972. To ease the transition to the higher level, Italy will be permitted to reduce levies on corn and barley imported from third countries by $10.62 per ton in 1967-68, $10.00 in 1968-69 and 1969-70, and $7.50 in 1970-71 and 1971-72, provided imports from EEC partners are subsidized to the same extent.

French production of feedgrains has also been expanding, but the increase has been absorbed within France. In 1961 France exported 2,554,000 tons of feedgrains, of which 1,252,000 went to the EEC and 1,302,000 to third countries. By 1965, its exports had declined to 2,353,000 tons—1,192,000 to the EEC, 1,161,000 to third countries. Fifth Development Plan projections, however, show an increase in French exports by 1970, to 3,495,000 tons—2,335,000 to the EEC, 1,160,000 to third countries.

### Rice

In 1965 the United States exported 65,000 metric tons of rice to the EEC, valued at $10 million, of which Germany took 35,000. Since 1964, when the variable levy system was established for rice, Germany and the Benelux countries, which do not produce rice, have maintained a price level substantially below that in France and Italy. Beginning this September, however, German and Benelux threshold prices are to rise in stages, reaching a level on September 1, 1967, that will be $35 a ton over their 1965-66 level and bring them into line with French and Italian prices. The common threshold price for brown rice, previously $142.00 per metric ton, rose to $152.00 on September 1, 1966, and will rise further to $162.00 on January 1, 1967, to $172.00 on May 1, 1967, and to $177.80 on September 1, 1967.

At the end of 1965, levies on brown rice in the nonproducing countries were calculated at about $19.60 a ton, less a special reduction or "abatement" of about $7.70. The abatement has been a "temporary" provision—renewed annually, so far—to assure adequate supplies of long grain varieties not produced in the EEC. Unless the abatement, which is adjusted to meet changes in import prices, not threshold prices, can be renewed in an amount sufficient to offset the increase in the threshold price, levies could rise to $55 a ton or more.

Italy is the EEC's main rice exporter. The common rice price is 19 percent above the Italian target price for 1965-66. Nevertheless, because of the relationship between corn and rice prices and the substantial increase scheduled for the Italian corn price, the EEC Commission has projected only a very small increase in Italian rice production by 1970 over present levels.

### Poultry

In 1965 the United States exported 42,000 metric tons of fresh, chilled, and frozen poultry meat to the EEC,

CHANGES IMPLIED IN VARIABLE IMPORT LEVIES ON PRINCIPAL GRAINS, RICE, AND POULTRY IN LARGEST EEC IMPORTING COUNTRIES AFTER COMMON THRESHOLD PRICES GO INTO EFFECT

| Commodity and country of destination | Threshold price | | Variable levy | | Change in levy = change in threshold price |
|---|---|---|---|---|---|
| | Actual 1965-66[1] | Estimated 1967-68 | 1965-66[1] | Estimated 1967-68 | |
| | *Dol. per metric ton* | *Dol. per metric ton* | *Dol. per metric ton* | *Dol. per metric ton* | *Dol. per metric ton* |
| Wheat: | | | | | |
| Netherlands | 104.70 | 104.38 | 49.20 | 48.88 | − 0.32 |
| France | 99.74 | 104.38 | 43.24 | 47.88 | + 4.64 |
| Germany | 118.63 | 104.38 | 62.28 | 48.03 | −14.25 |
| Corn: | | | | | |
| Italy | 64.80 | 88.38 | —— | [2]12.96 | [2]+12.96 |
| Netherlands | 84.67 | 88.38 | 22.21 | 25.92 | + 3.71 |
| Barley: | | | | | |
| Italy | 67.20 | 89.00 | .01 | [2]11.19 | [2]+11.18 |
| Netherlands | 88.95 | 89.00 | 25.91 | 25.96 | + .05 |
| Brown rice: | | | | | |
| Germany | 142.00 | 177.80 | [3]11.90 | [4]55.40 | +35.80 |
| Benelux | 142.00 | 177.80 | [3]11.90 | [4]55.40 | +35.80 |
| | | | *Cents per pound* | *Cents per pound* | *Cents per pound* |
| Whole broilers: Germany | —— | —— | [5]14.76 | [5]11.17 | − 3.59 |

[1] Average for first month of the marketing year. [2] Includes a temporary levy reduction of $10.62 for 1967-68. [3] Includes a temporary levy reduction of $7.70 effective the last week of December 1965 for brown rice. [4] Assumes change in threshold price added to full 1965-66 levy of $19.60. Present law will permit reduction of the levy through August 1967, if necessary to obtain adequate supplies. [5] Basic plus supplemental levies.

valued at $27 million. Of this, 32,000 tons (over half of it turkey) went to Western Germany.

Adoption of common grain prices (to which one of the two levies on poultry is tied) will mean a small *decrease* in total German levies on whole broilers and whole turkeys if import prices remain unchanged. Levies will still be high enough to deter U.S. broiler exports, but shipments of turkey and of poultry parts should benefit from lower grain prices in Germany. The removal of barriers to already rising imports of whole birds from France, Belgium, and the Netherlands in July 1967 may result in displacement of German production as well as further displacement of imports from third countries. U.S. exports of canned poultry, however, for which levies are subject to a ceiling, should continue to grow.

### Livestock products

The outlook for continued U.S. exports of beef and related livestock products to the EEC is good—both because U.S. variety meats (the principal item) are subject to a maximum tariff of 20 percent so that additional levies cannot be imposed, and because the Community's regulations on beef prices and levies do not apply to the other principal U.S. export products (tallow, hides, and skins, and sausage casings).

### Dairy products

U.S. exports of dairy products to the EEC—usually small except when European supplies are short—are limited to what the EEC cannot produce or obtain from its traditional outside suppliers. The common milk price agreed upon for introduction April 1, 1968, is 20 percent above the support price that was effective in France in November 1964, when the dairy regulation took effect, and 15 percent higher than that in the Netherlands. These two countries account for half the EEC production of milk. Hence, it will be difficult for the Community to avoid further surplus milk production, and the outlook for U.S. dairy exports is unlikely to change.

### Fruits and vegetables

In 1965 the United States exported $99.6 million of fruits and vegetables, both fresh and prepared, to the EEC. Imports are subject to customs duties; the more important fresh products, to minimum import prices also.

The Council did not change this treatment, but did provide for price supports on fresh cauliflower, tomatoes, apples, pears, peaches, grapes, oranges, tangerines, and lemons—largely the same products on which minimum import prices apply. These prices have been rising each year and, for lemons, are high enough to concern U.S. exporters, although no U.S. exports have yet been subject to additional taxes for failure to meet the minimum price.

Fruit and vegetable supports are not intended to be higher than recent EEC market levels; but the promise of price support and of production and marketing aid could give rise to some expansion of production.

In adopting a sugar regulation, the Council apparently agreed to apply variable levies, instead of duties, on any added sugar in canned fruit and other processed products. Information is not adequate for an assessment of the effect on U.S. canned fruit exports.

### Fats and oils, cotton, tobacco

In 1965 U.S. exports of oilseeds and oilcake to the EEC were 3.6 million metric tons, valued at $354 million. The duty-free status of these products has not been changed. Price supports and other marketing arrangements agreed upon by the Council in July apply to the very modest level of EEC output—484,000 metric tons of colza, rapeseed, and sunflowerseed in 1965. The EEC expects no increase.

In 1965 U.S. exports of cotton, excluding linters, to the

EEC totaled $70.3 million. These countries produce almost no cotton and impose no duties or restrictions. Thus, despite heavy synthetic-fiber competition, the outlook is for continued moderate growth of the EEC market.

U.S. tobacco exports to the EEC, $106.3 million in 1965, have grown somewhat in the past few years but over a longer period have taken a declining share of the EEC market. Under discussion in the EEC is a regulation to provide price supports protected by restrictive import licensing. EEC associates—Greece, Turkey, and certain African countries—already have preferential treatment. The U.S. export outlook is, therefore, not clear.

### Products of associated states

Greece, Turkey, and 18 of the EEC countries' former African colonies are associate members of the EEC, and as such they are entitled to special consideration from the EEC in the formulation of its Common Agricultural Policy. For commodities subject to variable levies, however, the EEC has generally been unable to make any preferential arrangements for the exports of associates. For agricultural products subject to the Common External Tariff, associates might expect eventual duty-free treatment; but this is automatic only for Greece. Turkey presently benefits for only four products within quotas: Tobacco, raisins, dried figs, and hazelnuts. Concessions to Africa have been comparable to those for Greece, but technically they are on a case-by-case basis.

How to extend preferential treatment to the associates for products that are duty free—like African peanuts, which compete with duty-free U.S. soybeans—presents a different problem, especially if the EEC has bound itself, as it has for soybeans, not to create a duty.

### Expansion of arrangements with other countries

Now that the EEC has settled most of the key agricultural policy issues, it is expected to give high priority to the negotiation of special trading and economic arrangements with a great many additional countries.

An agreement signed with Nigeria on July 16 granted that country preferential entry for dutiable exports, limited by quotas for cocoa, palm oil, peanut oil, and plywood. Kenya, Uganda, and Tanzania will begin negotiations this fall. Talks with Morocco, Tunisia, and Algeria will be resumed as soon as the EEC can decide what preferential treatment can be offered them for citrus and olive oil. Israel, to which some nonpreferential concessions were granted in 1964, is now seeking preferential access.

In short, the EEC is constructing a system of preferential trading relationships with less developed countries. This system already covers most of Africa and may stretch as far east as India, to which the EEC gave a handful of further concessions in 1963 pending negotations at some later date.

Of greatest importance will be the EEC's evolving relationship with the rest of Western Europe. The United Kingdom, Denmark, Ireland, and Norway are actively considering renewal of their applications for full voting membership in the EEC. Sweden, Switzerland, and Portugal may be expected to seek associate status. Association negotiations with Austria are well underway. The EEC Commission is reporting to the Council on the outcome of exploratory talks on association with Spain.

It remains to be seen whether the EEC will have to lower farm prices, and hence farm protection, upon admission of the United Kingdom and Denmark. European countries seeking associate status only, however, will not have a direct voice in EEC policy, and therefore, even more than the British, will have to adopt the EEC system as they find it, whether it is more protective than their own systems or less so.

The U.S. exporter can expect substantial changes in the European pattern of trade with outside countries as these developments, many of which may affect U.S. trade, take place. There is virtually no commodity that could not be traded preferentially within the system as extended to European and less developed countries with associated status. The United States places great emphasis on the principle of nondiscrimination in trading relationships. In general, the trading arrangements comprising the EEC system are in the form of customs unions or free trade areas, which may be approved under the General Agreement on Tariffs and Trade, provided they meet certain criteria. It is worthy of note, however, that the GATT members have been unable, so far, to determine whether any of these arrangements do in fact meet the GATT criteria.

In the long run, the key factors in determining the level of EEC farm prices and protection will be the possible entry of the United Kingdom and Denmark into the Community and the rising cost of EEC farm supports, as well as the cost of assistance to agriculture in the associated states. Substantial development assistance is committed to Greece, Turkey, and Africa. Moreover, Greece has specifically tied its cooperation in adopting the EEC agricultural policy to sharing in the EEC's Agricultural Guidance and Guarantee Fund, or the equivalent. The problems of financing the CAP will be discussed in a later article.

## U.S. Farm Exports Head for A New Record

Judging by shipments in July-September—the first quarter of fiscal 1967—U.S. exports of agricultural products (a record $6.7 billion in fiscal 1966) could reach or exceed $7 billion by the end of the year next June.

First-quarter exports were moving at a level 6 percent above that of the same period the year before. Expectations are that this increased rate will continue.

Big gains are being made by three important commodities. Cotton and tobacco had both showed declines in 1965-66; but in the first quarter of 1966-67, cotton exports increased 29 percent over those of a year ago, from $79 million to $102 million; and tobacco exports moved up 37 percent, from $100 million to $137 million. The third commodity, hides and skins, continued its upward trend with a 44-percent gain, from $25 million to $36 million.

Also showing gains for July-September were exports of wheat and flour, feedgrains, protein meal, and meat and meat products, all of which had increased in 1965-66.

Commodities in which export totals for the quarter were smaller—in some case only slightly smaller—were dairy products, fruits and vegetables, vegetable oils, soybeans, animal fats, and poultry products.

Commenting on these increases in farm exports, Secretary of Agriculture Orville L. Freeman underscored their importance by pointing out that in July-August, agriculture contributed $367 million of the $445 million in the Nation's favorable merchandise trade balance.

# RICE: Mainstay and Hope for 1.1 Billion People

Every day more than one-third of the world's population rises to face a future dominated by the single word, rice. And by the end of this century the number of people dependent on rice for their staple food will be greater than the present world population.

Will there be enough rice for them to eat?

This is the question that spurred the Food and Agriculture Organization of the United Nations to set aside 1966 as International Rice Year, and that has marshalled nearly every rice-growing country of the world into a massive effort to produce more rice.

The aim is not so much to increase the world's rice acreage as to get more out of the present acreage. The old ways of growing rice can no longer avail; modern technology must be fully committed to boosting yields—through greater use of fertilizer, better rice seed strains, improved water management, disease and pest control.

### Narrowing the gap

The world's rice potential is enormous. A big gap exists between the countries of Asia and Africa where the average cultivator harvests about 1,500 pounds per acre and the countries of Europe and North America where the yield ranges from 4,000 to 4,500 pounds per acre. And since the largest part of the world's rice acreage lies in the underdeveloped countries where yields are lowest, even a slight increase in output per acre could mean the difference between hunger and plenty.

The statistics show this only too clearly. Asia with 200.8 million acres in rice in the 1966 crop year had a yield of only 1,406 pounds per acre. South American acreage totaled 12 million acres, and the yield was 1,489 pounds per acre. In the United States the yield was 4,291 pounds per acre, on approximately 1.8 million acres, and in Europe it was 3,989 pounds, on 813,000 acres. Australia, with only 65,000 acres in rice, reached a yield peak of 5,766 pounds an acre.

In practically all of the world's rice-growing countries yields are increasing, but in many of them the rate of increase is very small. This is particularly true of the underdeveloped countries of Asia, Africa, and Latin America. Only in Japan, the United States, Australia, the Soviet Union, and some of the other European countries are rice yields mounting significantly.

This great variance in yields is what creates the problem in the world rice situation: the need to keep production rising with population and consumption. At an average rate of 2.5 percent annually, the increase in world output just barely meets the requirements of a growing population. And when world rice production suffers a sharp reversal, as it did this past year because of adverse growing conditions in many of the rice countries, the margin between enough and not enough rice is too narrow.

### More fertilizer, better seed

Improving yields can be achieved in many ways. In the Philippines, for example, even a minimum fertilizer application is usually good for a 20-percent increase in rice yield, yet only one paddy in 10 is fertilized.

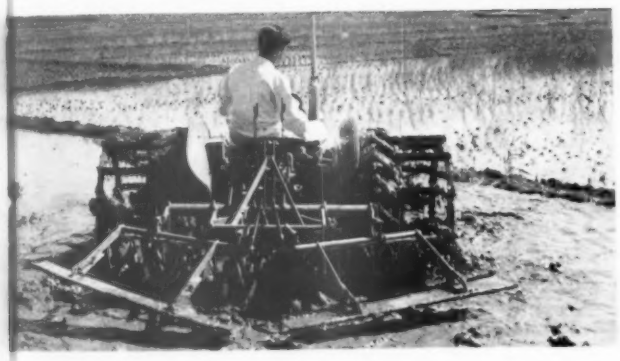
Better seed is another way. This is a big and complicated task but it is the main target of the International Rice Research Institute, an $8-million research complex near Manila in the Philippines, which is supported by both the Rockefeller and Ford Foundations. Over the years the Institute has developed greatly improved rice varieties, tailoring them carefully to critically different local conditions.

This past summer, for instance, the Institute announced that a new and extremely promising variety of rice would be given its first test under actual farm conditions in the Philippines. Yields are said to amount to between 5,260 and 5,880 pounds per acre—in sharp contrast to the Philippines' average of 1,070 to 1,150 pounds. About 45 tons of the new rice have been turned over to the country's Rice and Corn Administration for distribution to farmers, and a much larger quantity of seed is expected to be available next year.

*Korean workers at experimental farm transplant nursery-reared rice seedlings. (All photos from the Food and Agriculture Organization of the United Nations.)*

*Right, Indian villagers buy grain from a government fair-price shop in Nadhya Pradesh. In this State, last year's drought affected the rice crop in 26 out of 43 districts.*

*Below, Indonesian farmer with team of water buffaloes paddles his rice field, and in Japan, a new type of tractor adapted for rice cultivation is shown.*



*Above, at research station in Burma, particles of a high-yield variety of rice are selected and then hand-winnowed in order to obtain the pure strain.*

*Below, plant pathologists at International Rice Research Institute, in Philippines. Right, fertilizing the rice fields at an agricultural extension station at Banju Biru, central Java.*

# FAO's Annual Report Sees 1965-66 World Food Output and Stocks at Disquieting Low Levels

The world food situation today is more precarious than at any time since the acute shortage just after World War II, according to the October 13 annual report of the United Nations Food and Agriculture Organization.

The publication, *The State of Food and Agriculture 1966*, says that world food production in 1965-66 failed to rise above 1964-65, while population increased by about 70 million persons; this meant a 2-percent drop in per capita production. Furthermore, foodgrain stocks fell to their lowest level in well over a decade.

Attributed to widespread drought, the poor world harvest of 1965-66 came, the report says, "not in the midst of plenty," but after several years of a neck-and-neck race between food and population.

Suffering the most were the developing nations of Africa, Latin America, and the Far East. Food output there declined some 2 percent in total and 4-5 percent on a per capita basis from 1964-65, putting the nations in a worse food-supply position than before World War II. In the Near East, per capita output stayed above the prewar level but still fell below the peak levels of recent years. (In Mainland China, where official statistics are lacking, foodgrain production is believed to have fallen slightly.)

Good harvests in North America, where food output rose some 4 percent, are credited with keeping the world total at the 1964-65 level. Output in Western Europe increased 1 percent, while that in Eastern Europe and the USSR declined slightly. Production in Oceania fell 6 percent.

### Fall in foodgrain crops

Among the agricultural commodities registering declines were sugar, apples, groundnuts, cocoa, and tobacco —these falling by anywhere from 4 percent to 8 percent each; smaller declines occurred in many of the fibers. Output of several other agricultural products rose, with gains of from 15 percent to nearly 50 percent for olive oil, soybeans, and coffee.

But the most alarming development was the drop of more than 2 percent in grain production, which makes up about one-third of the agricultural total. The shortfall was especially pronounced in India, where famine was avoided last season only through huge emergency shipments of grain from the United States and other nations.

Those shipments, along with import needs of Mainland China and the USSR and success in limiting U.S. production, led to a sharp reduction in North American grain stocks.

### Food aid and food production

The stagnation in food production and the sharp reduction of stocks "give greater urgency to the rethinking already underway about the role of food aid and its provision on a surer basis than that of chance surpluses," writes FAO Director General, Dr. B. R. Sen, in a foreword to the report.

"It has already been emphasized by FAO," Dr. Sen continues, "that invaluable as food aid may be . . . greater production in the developing countries themselves is essential for any lasting improvement in their food situation."

The Indicative World Plan for agricultural development, now being drawn up by FAO, would provide a clearer idea of the contribution needed from agriculture for sound national growth, and make it easier to assess the amount and type of aid needed by the developing countries.

Dr. Sen also states that he is proposing a Food Production Resources Program which, under the Freedom From Hunger Campaign, would make available fertilizers and other production necessities to the developing countries of the world.

### Major trends noted

The report deals with developments in a variety of areas concerning world agriculture. Among them:

*Demand.*—The growth of the world economy as a whole appeared to have slowed down slightly in 1965, and the expansion in total world trade was well below the unusually large increase in 1964. There was little indication, however, of the effect this change—or of the economic boom that has been taking place in the United States—might have on the overall world demand for agricultural products.

*Consumption.*—The effect of the poor harvest on food supplies and consumption in 1965-66 was at least partly mitigated by greater imports and lower exports and by drawing on stockpiles. At time of publication, it was too early to say how far this made possible maintaining of consumption levels.

*Trade.*—The value of world trade in agricultural, fishery, and forest products fell slightly, after a steep rise in 1964. This was the result of a more or less stable volume of trade and a slight drop in average prices. The buying power of these goods was further lowered, since there was a 2-percent increase in the average value of manufactured goods that are bought by the agricultural exporters.

*Prices.*—World prices of most food and foodstuffs rose in 1965, but those for a number of important products, including sugar and wheat, were much lower; the average price level was off by 1 percent. The export unit value of coffee was up slightly, but cocoa export prices were down by one-fifth. Tobacco prices were also lower. Average prices for agricultural raw materials fell by 6 percent, reflecting lower returns for wool, sisal, and rubber.

*Farm prices and income.*—In almost all countries providing data—most of them developed nations—prices to farmers rose in 1965. There were moderate increases for grains and larger ones for livestock and horticultural produce. Prices paid by the farmer for his production requisites also rose, but the ratio between prices received and prices paid was, if anything, slightly in his favor. On the other hand, smaller crops in many nations meant that the increase in receipts failed to offset the higher farm expenses.

*Consumer prices.* — Retail food prices continued to increase in almost all countries, and for many European countries and Australia, the rate of gain had gone up. In almost one-half of the countries for which data were available, food prices rose faster than did the overall cost-of-living index; the increase in food prices appeared to have led the way.

Copies of *The State of Food and Agriculture 1966* are available in English, French, and Spanish at a price of US$5.50. Sales agent in the United States is the Columbia University Press, International Documents Service, 2960 Broadway, New York 27, New York.

# American Specialty Foods Attract Buyers at London Show

Wisconsin specialty cheeses, in 48 flavors and a wide range of packs, were an instant hit at the Selected Fancy Fare from America Exhibition held at the U.S. Trade Center in London, October 4-13. Only a few hours after the show opened British importers placed orders for assortments of the cheeses on display.

Exhibits of the four other categories of foods at the show—precooked poultry, nuts, fresh fruits, and wines—were also immediate attractions. From the first day these displays stimulated numerous trade inquiries, many of which exhibitors expect to develop into firm orders to be filled in time for Christmas sales in the United Kingdom.

Thirty U.S. food firms sent their products to the FAS-sponsored exhibit, set up to feature food items shown by recent market analyses to have a bright sales future in the United Kingdom. Of these, 13 companies sent mainly nuts and nut products, 9 companies sent cheese, 5 sent poultry, 2, wines, and 1, fresh fruits.

Opening of the exhibition was well covered by British press representatives, many requesting photo and press materials for future trade journal reports. The British Broadcasting Corporation taped first-day on-the-floor interviews, which were broadcast the following morning.

Of the poultry products shown, frozen turkey roll was of particular interest. Both turkey and chicken rolls have already made considerable headway in the United Kingdom, being especially popular with the catering trade.

Among other products exhibited were breaded chicken portions and special packs of chicken and turkey; pecans, walnuts, almonds, peanuts, and macadamias; first pickings of Pacific Coast Red and Golden Delicious apples and Anjou and Comice pears; and a wide selection of sparkling, dessert, table, and aperitif wines.

*Top, Donald E. Wilkinson of Wisconsin Department of Agriculture (r) talks to interested U. K. cheese buyers. Bottom, general view of the exhibition.*

# U.S. Holsteins Command Good Prices at Cremona Dairy Fair

Italian dairy farmers paid attractive prices for the pure-bred U.S. Holsteins shipped to Italy especially for the 21st annual International Dairy Cattle Fair in Cremona last month. In the final tally, the 45 cattle brought in nearly $100,000, the biggest single sale a $10,000 bull. The U.S. exhibit was sponsored by the Holstein-Friesian Association of America and FAS, which air shipped the cattle via special charter flight. Several Italian importers also exhibited U.S. Holsteins.

*Left, U.S. Holsteins are transferred from plane to truck upon arrival in Milan. Below, cattle are paraded at the fairgrounds.*

# Argentina Offers Financial Assistance to Cattle Producers

The Government of Argentina has announced long-sought-after measures to ease cattlemen's money problems and at the same time, to help maintain livestock numbers at current high levels.

The Bank of the Nation will extend special long-term loans to producers for cattle purchases and retentions on 50 percent of the livestock value. Tax benefits have also been extended, effective immediately. Deductions—not to exceed 60 percent of the taxable income—can be applied to half the purchase price of farm machinery, and to annual increases in livestock value.

The tax incentives on machinery investments have been expected for some time, though there has been speculation as to whether the government would reinstitute the previous write-off system of the early 1960's when farmers could deduct 200 percent of the value over a 5-year period.

The anticipation of this new decree caused farm machinery purchases to tumble in recent months. The pace of metals and machinery manufacture therefore prompted the recent action, as well as the plight of farmers.

Credit availabilities in particular point up the government's concern. A tight money supply precipitated keyed-up selling earlier this year by producers anxious for a quick turnover of capital. The upshot has been steadily weakening cattle prices, quoted today at $10.75 per hundredweight for medium weight steers, against $14.44 in comparable 1965.

Part of the price slump goes back to the slow demand by overseas buyers, low prices being offered for Argentine beef, problems with the Common Market levies, and the heavy fall cattle slaughter in Europe.

F.o.b. prices for chilled Argentine beef carcasses, which recently slipped below $400 per metric ton at London's Smithfield Market, are now around $450 per metric ton.

## Irrigation Study in Panama

Panama's Azuero Peninsula currently is the subject of a $1.8-million cooperative study to determine the most effective means of irrigating the area.

The study will be carried out in an experimental station near the mouth of the Rio La Villa, and be financed jointly by the United Nations special fund and the Panamanian Government. Financing of feasible projects will be considered by the government and the IDB.

## Cuba To Update Sugar Industry

Cuba has embarked on a long-range $270-million program to modernize its sugar industry as part of a plan to produce 10 million tons of sugar by 1970. The USSR is Cuba's chief partner in the expansion program.

Work has started on a large bulk-loading sugar terminal at Cienfuegos on the south coast. Approximately $70 million is to be used for this and other loading facilities at several shipping ports. Another $200 million will be used to enlarge, modernize, and install new equipment in Cuba's 152 sugar mills.

The Soviet Union is supplying heavy machinery, construction equipment, and technicians. Czechoslovakia, East Germany, and the United Kingdom are selling machinery, and Romania will supply rail equipment needed for transportation to mills and ports. Other countries which may assist Cuba are France, Spain, Poland, and Hungary.

## Development Loans to CACM

Several million dollars in loans were granted to Central America's Common Market (CACM) in recent months to finance the development of member countries.

Some $35 million from the United States is being added to $1.4-million loans from each member country to build up the working fund of the Central American Bank for Economic Integration. The money is to be used for the development of roads, electric power, and communications.

According to official projections, the gross national product (GNP) of CACM members could reach $6.3 billion by 1974; this compares to $3.8 billion last year. During the first 5 years of its existence the Common Market's index of economic growth increased 5.5 percent annually compared with 4.5 percent in the 1950's.

## IDB Loans for Chile, Panama

The Inter-American Development Bank last month loaned $11 million to Chile and $3.5 million to Panama to help finance agricultural development in the two countries.

In Chile the borrower is the Instituto de Desarrollo Agropecuario (INDAP), a public agency created under Chile's National Agrarian Reform Law of 1962 to provide financial and technical aid to small- and medium-scale farmers, help organize farm cooperatives, and otherwise promote rural development.

The total cost of the 2-year program, being carried out in the framework of the Alliance for Progress, is estimated at $33.6 million, of which the Bank will finance 33 percent and INDAP the remainder. It is estimated that more than 10,000 farmers will receive credits under this system. In addition, INDAP—with its own resources—will finance a credit and technical aid project to assist small farmers, organized into Producers' Committees of 40 to 50 members, to improve their output.

Under a third project, INDAP will provide funds to some 100 farmers' cooperatives to help the members finance warehouses, irrigation works, and the purchase of farm equipment.

The loan to Panama was made to the Banco Nacional. The money will help carry out the nation's Plan Robles (Rural Development Program), a concerted effort of various government agencies to improve the agricultural sector.

Total cost of the project is estimated at $6 million, 58 percent of it provided by the Banks loans.

Some 85 percent of the loan will be devoted to improving cattle raising in the country.

# Rains Cause Heavy Damage to Greek and Turkish Fig Crops

Heavy rains in Turkey and Greece in late August and early September have damaged fig crops in both countries.

What had promised to be a record fig crop in Turkey will now result in a 1966 Turkish dried fig pack of about 55,000 short tons, an estimate that is still subject to revision as rain damage is more fully evaluated. The pack had been forecast at 65,000 tons. Even at 55,000 tons the pack would be above average (49,800 tons for 1960-64) and the 1965 level of 49,000.

However, the quality of much of the 1966 pack will be substandard, and possibly only 38,000 tons will be fit for edible use in the domestic and export markets. Exports in 1966-67 should therefore be smaller than the 1965-66 volume of 35,800 tons (including 3,600 tons for industrial use) and below average (37,000 tons, including about 4,000 tons for industrial use).

The outlook for fig paste exports to United States has changed radically. Whereas Turkish packers had been hopeful of selling about 4,000 tons to the United States, a sharp increase from the abnormally low levels of 1964-65 and 1965-66, it now appears that 1966-67 shipments will again be small.

The price of fig paste has risen sharply, from 12 cents per pound c.i.f. New York early this season to 17 cents. The price last season was 15 cents.

Prospects for the 1966 dried fig crop in Greece now are for a below average pack of 24,000 short tons, of dubious quality, in contrast with earlier expectations of a pack above average in quantity and quality. The final estimate for the 1965 crop, also a short one, is 24,500 tons; average production (1960-64) is 28,900 tons.

It is believed that only 13,000 tons of the current pack will qualify as edible, and of this only 12,000 to 12,500 tons may meet export standards. Exports in 1966-67 may therefore amount to about 12,000 tons, a slight decrease from the 12,600 tons exported in 1965-66, which was the smallest tonnage exported in 5 years. Greek sources emphasize that the demand was good, and that reduced exports were attributable only to restricted supplies.

GREEK SUPPLY AND DISTRIBUTION OF DRIED FIGS

| Item | 1964-65 | 1965-66 | Forecast 1966-67 |
|---|---|---|---|
| | *Short tons* | *Short tons* | *Short tons* |
| Beginning stocks (Sept. 1) | .... | .... | .... |
| Production | 25,300 | 24,500 | 24,000 |
| Total supply | 25,300 | 24,500 | 24,000 |
| Exports | 14,600 | 12,600 | 12,000 |
| Domestic disappearance | 10,700 | 11,900 | 12,000 |
| Ending stocks (Aug. 31) | .... | .... | .... |
| Total distribution | 25,300 | 24,500 | 24,000 |

Minimum prices assured to growers are about three-fourths of a cent per pound higher than for the 1965 crop (see *Foreign Agriculture*, Sept. 19 for details).

Exports to the United States are expected to be lower than in 1965-66, when they amounted to 1,447 tons of whole figs and 609 tons of fig paste. This season, due to the rain damage, only about 1,200-1,300 tons of whole figs may qualify for Grade A, the only quality exportable to United States. Paste exports might approximate last season's level if Turkish competition is not too keen.

In early September, when a large Turkish pack was still in prospect, 100 metric tons of paste were booked for Canada at 10½ cents per pound, c. & f. U.S. or Canadian port (against 11-11¼ cents last season), and Greek sources were pessimistic about the demand for their paste. However, subsequent severe rain damage to the Turkish crop has probably improved prospects for Greek paste exports.

As for whole fig sales to the United States, the first transactions this season were at 17 and even 18 cents per pound c. & f. New York. Prices, however, dropped to 16-16½ cents in early September, due to Turkish competition. However, the subsequent rain damage to the Greek and Turkish crops has probably strengthened prices. The average price last season was 15½ to 16 cents.

The most striking trend in Greece's dried fig export trade has been the sharply increasing share taken by Soviet-oriented countries. The proportion purchased by the latter countries rose from 24 percent in 1963-64 to 36 percent in 1965-66. The share taken by the Common Market increased from 26 to 30 percent, while that taken by all other countries has declined precipitously, from 50 to 34 percent.

GREECE'S EXPORTS OF DRIED FIGS

| Country of destination | 1963-64 | 1964-65 | 1965-66 |
|---|---|---|---|
| | *Short tons* | *Short tons* | *Short tons* |
| European Economic Community: | | | |
| Germany, West | 3,120 | 3,501 | 2,413 |
| France | 843 | 1,175 | 1,051 |
| Italy | 208 | 281 | [1]316 |
| Netherlands | 26 | 66 | 24 |
| Total | 4,197 | 5,023 | 3,804 |
| Soviet-oriented countries: | | | |
| USSR | 1,433 | 1,433 | 772 |
| [1]Hungary | 1,552 | 1,337 | 1,944 |
| Czechoslovakia | 208 | 600 | 5 |
| Poland | 508 | 289 | 654 |
| Germany, East | 110 | 264 | 254 |
| Romania | .... | 172 | 383 |
| Bulgaria | .... | .... | 465 |
| Total | 3,811 | 4,095 | 4,477 |
| Other countries: | | | |
| United States | | | |
| Whole figs | 2,027 | 2,100 | 1,447 |
| Fig paste | 606 | 778 | 609 |
| Brazil | 971 | 1,005 | 791 |
| Canada | 269 | 308 | 223 |
| Switzerland | 326 | 285 | 188 |
| Sudan | 117 | 180 | 109 |
| Austria | 1,150 | 176 | 209 |
| Denmark | 88 | 94 | 127 |
| United Kingdom | 195 | 75 | 81 |
| Malta | 56 | 73 | 70 |
| Egypt | 1,818 | .... | .... |
| Yugoslavia | .... | .... | 179 |
| Australia | .... | .... | 108 |
| Libya | .... | .... | 96 |
| Kenya | .... | .... | 23 |
| Not specified | 433 | 429 | 23 |
| Total | 8,056 | 5,503 | 4,283 |
| Grand total | 16,064 | 14,621 | 12,564 |

[1] Includes 22 tons fig paste.

## Mexican Strawberry Acreage Sharply Reduced

Early estimates indicate that the acreage planted to strawberries in Mexico's Zamora area has been reduced from 25 to 33 percent, with most estimates near the top of this range. There are no estimates yet from the Irapuato area, but there may be a similar reduction.

Most of the Mexican strawberry acreage is planted each year, and there are relatively few fields carried over for a second harvest. The major planting season is from July to early October, since later plantings seldom produce a good crop.

Last season, with new freezers and a normal increase in the established plants, there was almost a 100-percent increase in acreage last season. A few fields planted in late November had very low yield because of late frosts and other unfavorable weather during the latter part of February.

Undoubtedly too many new growers, some without experience, were attracted to plant berries when additional tonnage was needed to operate all freezers at capacity. A large portion of acreage is financed by loans from the freezer companies who are paid off as the berries are delivered. Last season a number of growers did not deliver berries to the freezer companies that had financed the crop, and several freezers encountered substantial financial losses. Reports say that this season new contracts will be made with only those growers who honored them last season.

If acreage is reduced by one-third, it is unlikely that production will be reduced by that percentage from the record 1966 crop, due to the unfavorable growing conditions last winter and the larger number of inexperienced growers.

Mexican freezer officials report that frozen strawberries in 30-pound tins are selling at 17 to 18 cents per pound, f.o.b. Laredo. There are also record quantities of frozen strawberries in commercial storage in the Southwestern area of the United States. Most of the Mexican processors consider 17 cents per pound f.o.b. Laredo to be the break-even price. Thus the additional storage costs add to their problems.

## Ghana Increases Cocoa Producer Prices

Prices to be paid Ghanaian cocoa farmers for the 1966-67 main crop have been set at 45 shillings per 60-pound load (10.5 U.S. cents per lb.), plus a bonus of 30 shillings per long ton (0.19 cent per lb.) for Grade I cocoa.

This price is 1.36 cents per pound over the price received for the 1965-66 main crop and 1.17 cents over that for the 1966 mid-crop.

Purchasing of the crop from the farmers will now be carried out by the Ghana Cooperative Marketing Association, as well as by the State Cocoa Marketing Board.

## Hurricane Damages Coffee and Sugar

Hurricane Inez struck several Caribbean countries during the latter part of September and the first part of October. While the extent of damage is still being evaluated, coffee and sugar crops were affected in several countries. The sugar crops in Guadeloupe, Haiti, the Dominican Republic, and Cuba were damaged, as well as the coffee crops of the latter three countries. The extent of damage to sugar in Guadeloupe is probably greater than in Haiti and the Dominican Republic.

Damage to coffee in the Dominican Republic was reportedly light, but a significant drop in coffee production can be expected in the Jacmel coffee-producing area of Haiti.

While much of the sugarcane in the Oriente Province of Cuba (producing about 30 percent of Cuba's crop) was blown over, the actual crop reduction may be rather small. There will be additional difficulty, however, in cane harvesting, now expected to begin November 25.

## Canadian Oilseed Crop Estimates

On the basis of crop conditions in Canada on or about September 15, the Dominion Bureau of Statistics in its October 5 release reports a sharp decline in sunflowerseed but record crops of rapeseed and soybeans.

Canada's total oilseed acreage in 1966 declined 10 percent, or slightly under 450,000 acres, from last year's level. The major reduction was the 250,000-acre decline in flaxseed, probably a result of declining flaxseed prices, compared with the higher returns expected for wheat. Land sown to rapeseed declined 3 percent to 47,000 acres. Both crops are grown in the Prairie Provinces, where they are directly competitive with spring wheat. Consequently, they suffer acreage reductions when wheat prices and marketing possibilities are on the upswing.

CANADIAN OILSEED ACREAGE, YIELD, AND PRODUCTION

| Year | Flaxseed | Rapeseed | Soybeans | Sunflowerseed |
|---|---|---|---|---|
| | *1,000* | *1,000* | *1,000* | *1,000* |
| ACREAGE | *acres* | *acres* | *acres* | *acres* |
| Average 1955-59 | 2,593 | 389 | 245 | 36 |
| Annual: | | | | |
| 1964 | 1,978 | 791 | 231 | 78 |
| 1965 | 2,320 | 1,435 | 265 | 68 |
| 1966[1] | 2,070 | 1,388 | 268 | 40 |
| YIELD PER ACRE | *Bushels* | *Bushels* | *Bushels* | *Bushels* |
| Average 1955-59 | 8.7 | 14.2 | 25.3 | 545 |
| Annual: | | | | |
| 1964 | 10.3 | 16.7 | 30.2 | 394 |
| 1965 | 12.6 | 15.7 | 30.3 | 430 |
| 1966[1] | 11.4 | 17.4 | 31.8 | 693 |
| | *1,000* | *1,000* | *1,000* | *1,000* |
| PRODUCTION | *bushels* | *bushels* | *bushels* | *bushels* |
| Average 1955-59 | 22,544 | 5,508 | 6,187 | 19,477 |
| Annual: | | | | |
| 1964 | 20,313 | 13,230 | 6,976 | 30,900 |
| 1965 | 29,254 | 22,600 | 8,030 | 29,225 |
| 1966[1] | 23,542 | 24,100 | 8,522 | 28,050 |

[1] As indicated on the basis of conditions on or about Sept. 15. Dominion Bureau of Statistics, Ottawa.

As a result of the 11-percent decline in flaxseed acreage and the 10-percent decline in average per acre yields, production is placed at 23.5 million bushels, 20 percent below last year's near-record outturn. The crop, however, is 4 percent above the 1955-59 average and promises to be equal to or superior to it in oil quality. Because of the smaller crop this year, flaxseed prices are expected to firm over the winter and, reportedly, should rise above the average C$3.13 per bushel received for the 1965 crop.

Rapeseed production is forecast at 24.1 million bushels, 7 percent above the revised estimate of production last year and more than 4 times the 1955-59 average. Yields have been generally good, averaging 11 percent above the

1965 level, despite severe fungus diseases in a few districts. Excellent harvest weather has prevented a recurrence of the maturity problem that plagued producers last year.

Soybean production is placed at a record 8.5 million bushels, 6 percent above last year's outturn and 38 percent above the 1955-59 average. Acreage increased slightly, and the average yield at 31.8 bushels was 1.5 bushels above last year's. Only 150 acres were planted in Manitoba; the remainder was confined to Ontario.

Production of sunflowerseed is estimated at 28.0 million pounds, down 4 percent from the 1965 output. Acreage declined 40 percent, but yields averaged 263 pounds above last year's level. Much of the decline in acreage occurred in the major producing Province of Manitoba, where wet weather and spring floods along the Red River Valley drowned over 10,000 acres of the crop.

## Suez Shipments of Oil-bearing Materials

Northbound shipments of oil-bearing materials through the Suez Canal during October-August totaled about 1.38 million metric tons, about 5 percent above the comparable months of a year ago. Shipments of copra, castorbeans, and sesameseed increased significantly while the volume of soybeans and peanuts declined. Movements of soybeans in October-August period totaled 4.0 million bushels compared with 7.2 million in the corresponding period of 1964-65.

Shipments of vegetable oils during the 11-month period ending August 31 were 425,220 tons, against 333,824 tons in the same period a year ago. Palm oils accounted for the bulk of the increase.

Cumulative shipments of vegetable cakes and meals at about 1.4 million tons were 58,950 tons above those of last year. A heavier volume of cottonseed and copra cake and meals accounted for most of the increase.

NORTHBOUND SHIPMENTS OF OIL-BEARING MATERIALS

| Item | August | | October-August | |
|---|---|---|---|---|
| | 1965 | 1966 | 1964-65 | 1965-66 |
| | *Metric tons* | *Metric tons* | *Metric tons* | *Metric tons* |
| Soybeans[1] | 17,046 | 10,525 | 195,545 | 109,408 |
| Copra | 92,593 | 91,509 | 656,837 | 827,959 |
| Peanuts | 7,020 | 10,021 | 173,077 | 140,613 |
| Cottonseed | 4,029 | 7,819 | 109,473 | 78,374 |
| Flaxseed[2] | ..... | 584 | 21,025 | 8,172 |
| Castorbeans | 1,192 | 8,182 | 24,980 | 58,596 |
| Palm kernels | 2,997 | 3,481 | 27,752 | 32,684 |
| Sesameseed | 1,784 | 2,368 | 29,269 | 44,937 |
| Others | 3,011 | 5,410 | 79,969 | 79,111 |
| Total | 129,672 | 139,899 | 1,317,927 | 1,379,854 |

[1] One metric ton of soybean = 36.7 bu. [2] One metric ton of flaxseed = 39.4 bu.

Suez Canal Authority, Cairo, Egypt.

NORTHBOUND SHIPMENTS OF SOYBEANS

| Month and quarter | Year beginning October 1 | | | | |
|---|---|---|---|---|---|
| | 1961 | 1962 | 1963 | 1964 | 1965 |
| | *1,000 bushels* | *1,000 bushels* | *1,000 bushels* | *1,000 bushels* | *1,000 bushels* |
| July | 181 | 1,070 | 1,854 | 752 | 534 |
| August | 1 | 331 | 1,732 | 626 | 387 |
| September | 146 | 184 | 519 | 183 | ..... |
| October-December | 919 | 12 | 19 | 1,604 | 110 |
| January-March | 4,082 | 1,328 | 1,484 | 2,826 | 1,963 |
| April-June | 239 | 573 | 706 | 1,376 | 1,026 |
| July-September | 327 | 1,584 | 4,106 | 1,562 | ..... |
| October-September | 5,567 | 3,498 | 6,315 | 7,368 | ..... |

Totals computed from unrounded numbers.

Suez Canal Authority, Cairo, Egypt.

## Swedish Rapeseed Production Down Sharply

Rapeseed production in Sweden this year, according to the latest estimate, is placed at only 95,000 short tons. This is less than half the 231,400 tons produced in 1965 and sharply below the average annual production of recent years. The marked decline in production this year reflects small fall seedings and extensive freeze damage to the winter crop.

Sweden's exports of rapeseed during the January-May 1966 period, at 19,246 short tons, were sharply below the 32,814 tons exported during the same period of 1965. In calendar 1965, exports totaled 81,006 tons against 53,651 in 1964.

Rapeseed oil exports in the first 5 months of this year were 11,655 tons against 7,549 in the comparable period of 1965. Exports in 1965 were 18,110 tons compared with 9,764 in 1964.

## Ceylon's Exports of Coconut Products

Exports of copra and coconut oil from Ceylon during the first 8 months of this year declined 22,009 long tons, or 30 percent (oil basis), from January-August 1965.

Exports of copra totaled 10,596 tons, compared with 20,074 in 1965. Exports of coconut oil totaled 44,039 tons, compared with 59,982 a year ago.

Exports of desiccated coconut totaled 27,291 tons, against 30,887 last year. In the January-August 1966 period the United Kingdom took 11,567 tons, or 42 percent of the total shipments.

CEYLON'S EXPORTS OF COPRA AND COCONUT OIL

| Country of destination | January-August | |
|---|---|---|
| | 1965 | 1966 |
| Copra: | *Long tons* | *Long tons* |
| India | 13,953 | 3,923 |
| USSR | 3,000 | 3,824 |
| Pakistan | 1,982 | 1,632 |
| Germany, East | ..... | 1,000 |
| Others | 1,139 | 217 |
| Total | 20,074 | 10,596 |
| Coconut oil:[1] | | |
| Pakistan | 8,610 | 11,143 |
| USSR | 6,499 | 10,996 |
| Germany, East | 1,903 | 5,562 |
| Italy | 7,297 | 4,251 |
| China, Mainland | 10,427 | 2,504 |
| United Kingdom | 5,446 | 1,749 |
| Albania | ..... | 977 |
| Peru | 353 | 1,078 |
| Czechoslovakia | 240 | 1,020 |
| Cuba | 2,150 | 857 |
| Poland | ..... | 937 |
| Netherlands | 1,303 | 673 |
| Romania | 1,777 | 470 |
| Germany, West | 1,678 | 492 |
| Canada | 4,822 | 434 |
| Burma | 2,135 | 74 |
| Others | 5,342 | 822 |
| Total | 59,982 | 44,039 |

[1] Crude and refined.

Ceylon Customs Returns.

## Canadian Rapeseed Exports Increase

Exports of rapeseed from Canada from August 1965 to May 1966 totaled 273,411 short tons, compared with 206,443 tons during the same period a year ago, and 230,900 tons during the 1964-65 marketing year. Exports to all major markets—Japan, Italy, the Netherlands, and

West Germany—increased substantially.

The increase reflects a sharp expansion in production in 1965. Latest estimates indicate the 1965 Canadian crop was 565,000 tons, an increase of 234,000 tons above 1964 and 356,000 tons above 1963.

A further substantial increase in production and exportable supplies seems assured for 1966-67. The 1966 crop is estimated at 622,500 tons, with total supplies at 170,000 tons larger than in 1965-66.

## Turkey's Tobacco Exports Rise

Turkey exported a record total of 197.3 million pounds of unmanufactured tobacco in the 1965-66 marketing year (September-August), compared with 147.6 million in the previous year, a gain of 34 percent. Average export prices in 1965-66 were the equivalent of 54 U.S. cents per pound, compared with 67 cents in 1964-65.

The big gain in exports in 1965-66 was mainly due to much larger trade with the United States and West Germany. U.S. purchase totaled nearly 114 million pounds, up from 94 million the previous year; West German purchases rose from 12 million to nearly 24 million. Total purchases by the Common Market countries (including West Germany) in 1965-66 were 34.8 million pounds, compared with 17.5 million in 1964-65.

Exports to the Soviet Union and Soviet-oriented countries in Eastern Europe totaled 21 million pounds, compared with about 18 million in 1964-65.

TURKEY'S TOBACCO EXPORTS [1]

| Destination | September-August | | Average export price per pound, |
|---|---|---|---|
| | 1964-65 | 1965-66 | 1965-66 |
| | *1,000 pounds* | *1,000 pounds* | *U.S. cents* |
| Leaf tobacco: | | | |
| United States | 93,890 | 113,894 | 58 |
| Germany, West | 12,176 | 23,759 | 51 |
| Hungary | 4,564 | 5,717 | 46 |
| Japan | 2,064 | 5,474 | 59 |
| Poland | 4,555 | 4,630 | 77 |
| Czechoslovakia | 2,465 | 4,425 | 68 |
| Germany, East | 4,198 | 4,365 | 67 |
| Belgium-Luxembourg | 1,680 | 4,246 | 39 |
| Switzerland | 2,291 | 2,758 | 58 |
| Netherlands | 562 | 2,416 | 29 |
| Italy | 2,019 | 2,350 | 60 |
| Soviet Union | 2,013 | 2,050 | 68 |
| France | 1,082 | 1,984 | 47 |
| Austria | 1,168 | 1,684 | 37 |
| Others | 8,135 | 6,711 | ... |
| Total leaf | 142,862 | 186,463 | 57 |
| Scrap | 4,711 | 10,869 | 8 |
| Grand total | 147,573 | 197,332 | 54 |

[1] Includes scrap.

## Canadian Cigarette Output Continues To Rise

Cigarette output in Canada continued its upward trend through the first half of 1966. Production amounted to 22,859 million pieces, 9.0 percent more than the 20,976 million produced during the first 6 months last year. Production of plug and twist was up from January-June 1965 levels, whereas production of cigars, snuff, and cut tobacco was down.

Leaf usage by manufacturers during the first half of 1966 amounted to 71.2 million pounds, compared with 69.6 million for the same period last year. Usings of flue-cured tobaccos totaled 64.2 million pounds—up 3.7 percent from the January-June 1965 level of 61.9 million. Usings of other tobaccos by kinds were all down from the same 6-month period of last year.

Stocks of unmanufactured tobacco on June 30, 1966, totaled 189.5 million pounds, compared with 220.0 million held on the same date last year. Flue-cured stocks on June 30, 1966, amounted to 167.7 million pounds—28 million below a year ago and the smallest since June 30, 1960. Current stocks are equivalent to slightly less than a 16-month supply, based upon manufacturers' usage, compared with a 19-month supply a year ago.

## Dutch Cigarette Sales Down

Cigarette sales in the Netherlands during the first half of 1966 totaled 6,815 million pieces, down 17.6 percent from the 8,268 million sold in the same period last year. Sales of both cigars and cigarillos were only slightly above the January-June 1965 levels. On a monthly basis, however especially for May and June, they were both significantly below the corresponding months last year. Combined sales of the other products, at 10.8 million pounds, were also 9.4 percent below the January-June 1965 figure of 11.9 million pounds.

## German Cigarette Sales Up

Cigarette sales in West Germany (including West Berlin) continued upward through the first half of 1966. Total sales amounted to 49,394 million pieces, up 7.2 percent from the 46,081 million sold during January-June 1965.

Cigar sales dropped to 1,788 million pieces from 1,948 million for the first 6 months last year. Also, the combined sales of all the other products, at 9.3 million pounds, were down 5.2 percent from the 9.8 million pounds sold in January-June 1965.

## West Germany's Trade in Cheese Up

West Germany's imports of cheese in the first half of 1966 increased 15 percent over those of comparable 1965, to 149 million pounds. The principal types imported were Gouda, which made up about 55 percent of total imports, Tilsit, and Cheddar. Major suppliers were the Netherlands—60 million pounds, Denmark—39 million, and France—24 million. Among other countries shipping cheese to West Germany, but in smaller quantities, were Belgium, Switzerland, and Australia.

In this same period, West Germany's exports of cheese were up 18 percent to 34 million pounds, almost half of which went to Italy. Sales to the United States continued small at 489,000 pounds compared with 294,000 last year.

Imports of butter increased 1 million pounds to 13 million. Heaviest suppliers were France—7 million, and Denmark—4 million.

## Decline in U.K. Nonfat Imports

Imports of nonfat dry milk into the United Kingdom in the first half of 1966, at 28 million pounds, were 38 million less than those in the corresponding period of 1965. A sharp reduction in shipments from New Zealand—from 43 million pounds to 15 million—accounted for most of this decline.

Exports of nonfat dry milk in this same period were

32 million pounds, compared with only 4 million a year ago. Principal purchasers were the Netherlands—15 million, and Denmark—8 million.

Dried whole milk imports of 26 million pounds were at the 1965 level. More than half of the 1966 imports came from Austria. Of the balance, New Zealand and Ireland supplied 3 million each, and Finland, 2 million.

Exports of dried whole milk were 7 million pounds in both years. In January-June, 1966, 2 million went to Ceylon, 1 million to Malaysia, and more than 1 million to African countries.

## Brazil Exports Corn at Near 1965 Rate

Brazil's corn exports this year are running higher than expected, with license approvals from January thru September totaling 600,000 tons. Actual shipments from January 1 thru September 7 totaled 405,000 tons (valued at $20.7 million). Brazil's exports in calendar year 1965 totaled 560,000 tons.

## Portugal Imports of Feedgrains, Wheat

Portugal imported an estimated 350,000 metric tons of feedgrains in 1965-66, a record quantity nearly three times any previous yearly feedgrains imports. Of this total the United States supplied 132,000 tons (98,000 tons of corn and 34,000 tons of grain sorghums). Last year's drought-reduced corn harvest and a continued expansion of the local mixed-feed industry were mainly responsible for the larger imports.

Also, in 1965-66, Portugal imported 208,000 tons of wheat (including flour) versus 368,000 tons the year before. It took 130,000 tons from the United States. These imports, together with a 1965 wheat crop well above average, gave it record 1965-66 supplies, indicating a substantial increase in per capita consumption.

## Mexico Sets New Export Quotas on Cattle and Beef

New Mexican cattle export quotas for the coming marketing year—September 1, 1966, through August 31, 1967—will be slightly under those set for the 1965-66 marketing year, according to the Mexican Secretariat of Agriculture.

The 1966-67 quotas place the export limit on live cattle at 601,000 head and 196,000 head in the form of meat (cattle-on-the-hoof equivalent) compared with last year's quotas of 663,000 and 202,000 head, respectively. However, there is a possibility that the 1966-67 export quotas could be raised as the year progresses if conditions warrant the change.

Mexico sets quotas on the exports of cattle and beef to maintain adequate domestic supplies of beef and to ensure maintenance and expansion of local herds.

## Mexico's Cotton Crop Down

The 1966-67 cotton crop in Mexico is tentatively estimated (prior to the recent hurricane) at 2.4 million bales (480 lb. net), nearly 200,000 bales below the 1965-66 crop of 2,625,000 bales. Acreage in cotton this season is down by around 200,000 acres from the 1965-66 level of 1,960,000. In the West Coast region of Mexico (Sonora-Sinaloa) acreage was nearly 50,000 above last season, but excessive rain is reported to have reduced yields sharply. Mexicali had generally favorable weather this season, and production in that district is about the same as the 540,000-bale crop in 1965-66.

In Altamira, acreage was down about 25 percent from a year ago, a drop attributed mainly to prolonged rains that delayed planting nearly a month and a shift to alternative crops. Most of the remaining cotton-growing districts of Mexico cut acreage somewhat this season. Recent hurricane damage in this area is reported to be extensive, but no estimates of actual losses are available.

Mexico exported 2,127,000 bales of cotton in 1965-66 (August-July), up sharply from the 1,616,000 shipped in 1964-65. Quantities exported direct to major destinations during 1965-66, in thousands of bales and with comparable 1964-65 figures in parentheses, were: Japan 831 (688), Italy 175 (35), France 98 (62), Philippines 54 (16), West Germany 98 (56), Taiwan 47 (113), and Belgium 21 (14).

In addition to direct shipments, sizable quantities of Mexican cotton moved through U.S. ports for transshipment to foreign destinations in 1965-66. Exports to the United States, mostly for transshipment, amounted to 605,000 bales in 1965-66, up sharply from the 1964-65 figure of 458,000 bales.

Cotton consumption in 1965-66 amounted to 625,000 bales, nearly 5 percent above a year earlier. Consumption in 1966-67 is expected to continue the recent uptrend.

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## WORLD CROPS AND MARKETS INDEX


**Cotton**
15 Mexico's Cotton Crop Down

**Dairy and Poultry Products**
14 West Germany's Trade in Cheese Up
14 Decline in U.K. Nonfat Imports

**Fats, Oilseeds, and Oils**
12 Canadian Oilseed Crop Estimates
13 Suez Shipments of Oil-bearing Materials
13 Swedish Rapeseed Production Down Sharply
13 Ceylon's Exports of Coconut Products
13 Canadian Rapeseed Exports Increase

**Fruits, Vegetables, and Nuts**
11 Rains Cause Heavy Damage to Greek and Turkish Fig Crops
12 Mexican Strawberry Acreage Sharply Reduced

**Grains, Feeds, Pulses, and Seeds**
15 Brazil Exports Corn at Near 1965 Rate
15 Portugal Imports of Feedgrains, Wheat

**Livestock and Meat Products**
15 Mexico Sets New Export Quotas on Cattle and Beef

**Sugars, Fibers, and Tropical Products**
12 Ghana Increases Cocoa Producer Prices
12 Hurricane Damages Coffee and Sugar

**Tobacco**
14 Turkey's Tobacco Exports Rise
14 Canadian Cigarette Output Continues To Rise
14 Dutch Cigarette Sales Down
14 German Cigarette Sales Up

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# Highlights of the Agriculture and Trade of El Salvador

**Resources:**—El Salvador is the smallest Central American country; its area of 8,259 square miles approximates that of Massachusetts. Population, growing at an annual rate of 3.2 percent, was estimated at 2.9 million in 1965. Gross national product (GNP), rising at an annual rate exceeding 7 percent since 1961, reached a per capita level of $275 in 1965. Although expansion of industry and other activities has been significant, El Salvador continues to depend heavily upon agriculture, which provides 30 percent of the GNP and employs 60 percent of the active labor force.

**Agriculture:**—Although farm area is restricted, agriculture has continued to expand. According to the USDA index, 1965 output was 44 percent above the 1957-59 average. The central farming area is in the interior plateaus and valleys, enclosed by two mountain systems, and along the narrow Pacific plains. Due to a shift from pasture and other farm lands from 1950 to 1951, the cultivated area increased from 22 to 30 percent of all land. The important commercial crops—coffee, cotton, and sugarcane—provided 80 percent of the estimated value of total agricultural production in 1965. Other crops—principally corn and beans—made up another 9 percent of the total.

**Food Situation:**—Daily caloric intake averaged 2,000 per person for 1959-61. Daily protein intake was 1.9 ounces, of which less than one-third was provided by animal products. A slight rise in per capita food availability has been apparent in recent years, but consumption remains below desirable nutritional levels. Cereals and starchy crops make up nearly three-fourths of average daily caloric intake.

**Foreign Trade:**—Agricultural products account for about 80 percent of the value of total exports and 15 percent of imports. Expansion, particularly in coffee and cotton, has contributed to a rise in exports from $119 million in 1961 to $189 million in 1965. Other important agricultural exports include oilseed meal, processed grains, and fruits and vegetables. Food commodities—principally cattle, grains and preparations, pulses and potatoes, fruits and vegetables, meat and dairy products—are the important agricultural imports.

El Salvador's trade is strongly oriented to markets in the United States, Europe, Japan and Latin America. Neighboring Central American countries are expanding in importance as traders with El Salvador and currently account for 21 percent of the total exports and 22 percent of all imports.

**Agricultural trade with the United States:**—The total value of El Salvador's agricultural exports to the United States declined from a 1955-59 average of $49.5 million to $43.9 million in 1965. These exports—principally coffee and sugar—approximate 30 percent of all El Salvadorian agricultural exports. In contrast, El Salvador's imports of agricultural products from the United States increased from $6.1 million for 1955-59 to $8.1 million in 1965.

The United States provides a major source for imports of wheat, processed fruits, fats and oils, and dairy products. The United States currently supplies about one-fourth of total El Salvadorian agricultural imports but its share has declined during recent years in face of growing competition, particularly from Central America.

**Factors affecting agricultural trade:**—El Salvador's future exports may be restricted by annual quotas established under the International Coffee Agreement and by recent reductions in the world cotton price. It is expected that these trade factors will be partially offset by a continuing rise in other agricultural exports encouraged by El Salvador's membership in the Central American Common Market (CACM). Imports from Central America—particularly of grains, fruits and vegetables, livestock and dairy products—may continue a rising trend under the CACM customs union, which provides for common external duties and free trade for most agricultural products.

—MARY S. COYNER
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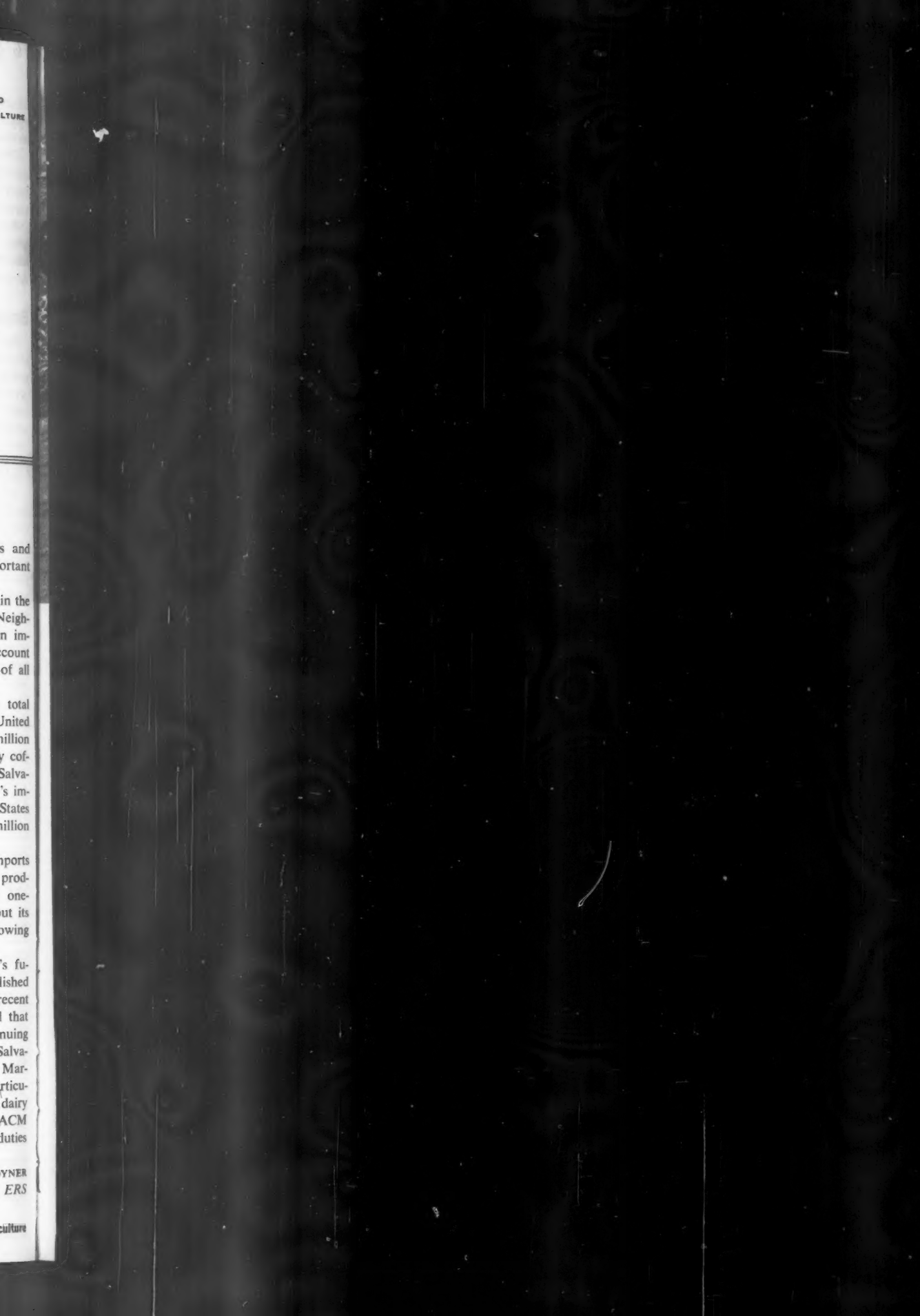
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